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News Summary

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THURSDAY, JUNE 25, 1987 -- 6 a.m. EDT EDITION

TODAY'S HEADLINES

INTERNATIONAL NEWS

Opposition Says Talks Fail, Vows New Protests -- Opposition leader Kim Young Sam and his newly freed ally Kim Dae Jung discussed their nation's political crisis after calling for massive demonstrations when talks with President Chun Doo Hwan collapsed.

(Washington Post,

Washington Times, AP, Copley)

NATIONAL NEWS

Senate Approves Budget -- The Democratic-controlled Senate gave final approval to a \$1 trillion budget that sets up a summer showdown with President Reagan over taxes and military spending.

(New York Times, Washington Post, Washington Times, AP, UPI)

IRAN-NICARAGUA

North Will Testify Publicly July 7 -- Oliver North, reportedly eager to tell his side of the story in the Iran-contra scandal, will get the chance July 7 when he is scheduled to testify at the nationally televised Senate-House hearings. (Washington Post, Washington Times, AP, Copley, Newhouse)

NETWORK NEWS (Wednesday Evening)

IRAN-CONTRA -- Oliver North and the Iran-contra committees have agreed on how and when he will give his critical testimony.

HAMADEI -- The West German cabinet decided that extraditing Mohammed Ali Hamadei would threaten the lives of two West Germans held in Lebanon.

GLASS -- Ali Osseiran said he had no clue as to why Charles Glass was not freed with him.



OPPOSITION FORCES REJECT OFFER TO REOPEN CONSTITUTIONAL DEBATE IN KOREA

SEOUL -- Dissident leader Kim Dae Jung, speaking shortly after a government order confirming him to house arrest was rescinded, said Thursday that an offer by President Chun Doo Hwan to reopen constitutional debate had been rejected by opposition forces as an exercise in futility.

The prominent opposition figure, who addressed a post-midnight news conference immediately after police guards were withdrawn from around his home, said Chun's ruling Democratic Justice Party would only "attempt to manipulate the talks in an effort to delay" significant progress on the issue.

Kim called on Chun instead to immediately authorize a national referendum to allow South Korean voters to choose between a proposal put forward by the ruling party and one proposed by the opposition for making the country's government more democratic.

"I am skeptical about whether President Chun really want to solve the present situation," Kim declared as reporters and photographs milled around him at his house, where he has been kept a virtual prisoner for the past ten weeks.

(Jon Funabaki, Copley)

Opposition Says Talks Fail, Vows New Protests

SEOUL -- Opposition leader Kim Young Sam and his newly freed ally Kim Dae Jung discussed their nation's political crisis after calling for massive demonstrations when talks with President Chun Doo Hwan collapsed.

"We condemn the current regime's scheme to prolong its power," Kim said after the three-hour meeting with Chun Wednesday at the presidential mansion.

"In order to strive for fuller democratization we and the other democratic forces pledge to continue our non-violent and peaceful struggle," he added. (Paul Shin, AP)

Seoul Opposition Dissatisfied; Chun's Concessions Called A Sham; Government Still Optimistic

SEOUL -- Opposition politicians denounced as a sham political concessions offered by President Chun Doo Hwan and suggested they would encourage an escalation of a two-week-old campaign in the streets against his government.

The statements dampened optimism that the two intensely hostile sides were close to a peaceful settlement of the protests. But government spokesmen played down the rejection as posturing and said the sides were still headed toward a "grand compromise."

Chun presented to opposition leader Kim Young Sam an offer to reopen negotiations in the National Assembly toward amending the constitution, effectively reversing an announcement he made April 13 suspending the talks until after the 1988 Seoul Summer Olympics in Seoul.

Chun said the Kim Dae Jung, who shares leadership of the opposition party with Kim Young Sam, would be freed from a 2½-month-old house arrest.

(John Burgess, Washington Post, A1)

Opposition Calls For New Protests To Oust Seoul Government

SEOUL -- The top U.S. diplomat for Asia, Gaston Sigur, said that "the United States wants for Korea what the Korean people want -- a freely-elected government supported by the people and respecting the rights of the people."

His remarks came as opposition leaders called for massive new protests tomorrow after characterizing yesterday's summit with President Chun Doo Hwan and opposition leader Kim Young Sam as a failure.

Said Sigur: "I found in Korea a widespread desire for political progress through peaceful process. I also found that holding the Olympic Games here enjoys broad and enthusiatic support."

Sigur...made his remarks in an airport press conference...just before his departure for Washington. He said he would report to President Reagan immediately after his return.

(Edward Neilan, Washington Times, A1)

REAGAN TRIES TO SOOTHE STETHEM FAMILY Slain Navy Man's Mother Criticizes Efforts On Hamadei Extradition

President Reagan told the mother of murdered Navy diver Robert Stethem that Mohammed Ali Hamadei, accused of killing her son, will be brought to trial in West Germany and "get the justice he deserves."

Reagan sought to reassure Patricia Stethem, who said her family was "devastated" by the West German government's refusal to extradite Hamadei and criticized the President's efforts in the case as insufficient.

(Lou Cannon, Washington Post, A23)

Killer Will Get Justice, Reagan Tells Slain Sailor's Mother

President Reagan telephoned the mother of Navy diver Robert Stethem, who was murdered in the 1985 TWA hijacking, to assure her "justice will be done" in the case of accused terrorist Mohammed Ali Hamadei.

The call to Patricia Stethem followed a nationally televised interview in which she said her family was "devastated" by Reagan's failure to have Hamadei extradited to the U.S. from West Germany, where he is awaiting trial.

"We have made every effort to assure justice in the prosecution of the hijacker Hamadei," Reagan told Mrs. Stethem.

(Jeremiah O'Leary, Washington Times, A2)

Reagan Claimed To Stop Hamadei Deal, Stethem's Mother Says

NEW YORK -- The mother of Navy diver Robert Stethem, murdered in a Middle East hijacking, said President Reagan told her he had stopped West Germany from trading hijack suspect Mohammed Ali Hamadei for two German businessmen kidnapped in Lebanon.

"He did assure me that he felt it was his personal intervention and mediation overseas that stopped the Germans from going ahead with the exchange that the West Germans had been thinking about," Patricia Stethem said in an interview on CBS News. (Reuter)

HOPES FADE FOR EARLY RELEASE OF NEW U.S. HOSTAGE IN LEBANON

BEIRUT -- Prospects of early freedom for U.S. kidnap victim Charles Glass dimmed following the release of two Lebanese abducted with him over a week ago.

In Damascus, however, a highly-placed official said Syria would continue to press for the American's freedom.

"Syria is exercising military and administrative pressures on all levels for this purpose," the official said.

Concern that Glass had joined nine other U.S. nationals believed kidnapped in Lebanon intensified when a police driver and Ali Ossieran...were released yesterday. But there was no sign of Glass.

Ali, 40, appeared on the doorstep of his family home at Rmeilah near the southern port city of Sidon early yesterday. Relatives said he was exhausted and drenched with seawater. (Mohammed Berjaoui, Reuter)

U.S.-OWNED FOREIGN-FLAGGED SHIPS CAUSING HEADACHES

The Reagan Administration may be forced to review its refusal to protect American-owned commercial vessels flying foreign flags in the Persian Gulf, according to Administration officials and U.S. ship owners.

The expected review could lead to the Administration honoring requests for protection of American ship owners who have chosen to hoist flags of convenience instead of the Stars and Stripes on their vessels, the officials and ship owners said.

The review is being prompted by claims from ship owners their foreign-flagged vessels pay U.S. taxes and can be mobilized in times of national emergency, just like the 11 Kuwaiti tankers the U.S. Navy intends to escort through the gulf waters once they have been registered under American flags.

(James Dorsey, Washington Times, A3)

DEMOCRATS SEARCH FOR WAY TO OPPOSE REFLAGGING OF KUWAITI TANKERS

As a trio of U.S. warships heads for the Persian Gulf to back up President Reagan's pledge to protect Kuwaiti tankers, congressional critics are trying to agree on some type of action to oppose or delay the plan.

The Senate Foreign Relations Committee was to meet today to discuss, and possibly vote on, a bill that would delay Reagan's plan until after Congress approves it.

"The clock is running, clearly, and we haven't got much time, but there's still time if we can get together on something," said Sen. John Kerry, a member of the Foreign Relations Committee.

"There is no consensus on how we should respond," said Rep. Mike Lowry, chairman of the House Democratic Caucus. "Moreover, time is running out."

The comments were underlined by the movement of three Navy warships through the Suez Canal, en route to the Persian Gulf to join other Navy vessels.

(Tim Ahern, AP)

AWACS TO FLY OVER UNITED ARAB EMIRATES ON GULF PATROL

Saudi Arabia has assured Washington Saudi-owned radar planes will be able to fly over the United Arab Emirates when keeping tabs on U.S. naval vessels in the Persian gulf, U.S. sources said.

But as yet, because of a political crisis in the U.A.E., that country has not responded to the Saudi request, the officials said.

(Matthew Quinn, UPI)

MARINE COMMANDANT-NOMINEE MORE CONCERNED ABOUT TERRORIST ATTACK, NOT CONVENTIONAL

Lt. Gen. Alfred Gray, headed for quick Senate confirmation as the next Marine Corps commandant, said his chief Persian Gulf concern is the terrorist threat, not any conventional attack.

Gray, 59, was expected to be confirmed within a few days to take over from Gen. P.X. Kelley, who is retiring June 30. Gray appeared before the Senate Armed Services Committee for a short, non-controversial confirmation hearing.

(Eliot Brenner, UPI)

U.S. CONSIDERS UPDATING MISSILES FOR WEST GERMANY Soviets Say Plan Would Threaten Arms Pact

BONN -- The U.S. is considering converting some medium-range nuclear missiles, which are to be removed from Europe in a planned disarmament treaty with Moscow, into shorter-range missiles which then could be given to West Germany, a senior U.S. arms negotiator said.

Soviet officials recently said the U.S. was weighing such a plan and said it would stand in the way of the arms accord, but the idea had not been disclosed by the U.S.

Washington may have floated the proposal as a kind of bargaining

chip, U.S. and West German arms control experts said.

Maynard Glitman, chief U.S. negotiator for intermediate-range missiles in the Geneva arms talks, said his staff was studying whether it would be legal under the proposed treaty to convert Pershing II missiles to shorter-range Pershing IBs and then transfer them to West Germany. If West Germany agreed, the Pershing IBs would replace 72 outdated Pershing IA missiles that are owned by the West German Air Force but whose warheads are under U.S. control, Glitman said.

(Robert McCartney, Washington Post, A27)

ADMINISTRATION BLASTS TRADE BILL Senate Due To Open Debate Today

The Reagan Administration warned the Senate on the eve of its debate on sweeping trade legislation that major section of the 1,000-page bill would hurt the economy, cost American jobs and provoke retaliation.

In a letter signed by 14 Cabinet members, the Administration argued that the trade deficits have begun to turn around as a result of

Administration policies over the past two years.

U.S. Trade Representative Clayton Yeutter, calling the Senate bill about 900 pages too long, said that many provisions of the legislation attack past trade problems instead of focusing on major causes of the imbalance, such as the high U.S. budget deficit and America's competitive position in the world.

"Congress is closing the barn door when the horse is trying to get

back in," added Deputy U.S. Trade Representative Alan Woods.

(Stuart Auerbach, Washington Post, F1)

THE WORST MAY BE OVER AS TRADE GAP NARROWS

Thanks to the prolonged decline of the dollar, the U.S. has seen the worst of the extraordinary deficits in its trade, economists, businessmen and other experts are now persuaded. The shrinking deficits, they add, spell important changes in the behavior of the economy and could blunt the efforts in Congress to impede imports.

Economists say that the deficits will remain huge at least into the 1990's, but in many businesses...American industry is recording small but real progress in its sales abroad and is experiencing diminishing damage from sales of foreign goods in the U.S.

(Peter Kilborn, New York Times, A1)

NORWEGIAN TRIES TO CALM FUROR OVER SALE TO SOVIETS

Norwegian Defense Minister Johan Holst spent yesterday at the White hose, the Pentagon and Congress, trying to calm the storm over his country's role in helping the Soviet Union make its submarines so quiet that they are now difficult for the U.S. to detect.

But he failed to head off a growing congressional effort to pass punitive legislation, Sen. Jake Garn, sponsor of one of the toughest

measures, said last night after meeting with Holst.

Holst met with Deputy Defense Secretary William Taft, White House National Security Adviser Frank Carlucci and Garn, according to the Norwegian Embassy. After the Holst-Taft meeting, the Pentagon issued a short statement noting the two had agreed "on the seriousness of the situation and the damage done to out mutual security" and the need to cooperate "to overcome the damage," including the completion of civil and criminal investigations in Norway.

(George Wilson, Washington Post, A29)

U.S. BARS AID FOR GUERRILLAS Mozambique Rebels To Be Contacted Only

A top State Department official indicated that the U.S. is willing to have "informal contacts" with rebels fighting the Marxist government in Mozambique but will not extend recognition and support to them as Washington has to rebels in Marxist Angola.

Defending the U.S. policy of strong backing for the Mozambican government, Assistant Secretary of State Chester Crocker said Mozambique's recent turn toward the West and decision to establish closer ties with Washington had dealt the Soviet Union a "severe blow" in southern Africa.

Crocker called the U.S. policy, under attack from conservatives led by Senate Minority Leader Robert Dole and Sen. Jesse Helms, "a case study of success in action on the ground" in weaning a pro-Soviet Third World nation away form once-close association with Moscow.

But an angry Helms charged that Crocker's testimony contained "astounding contradictions," adding, "You don't know what you're talking about, or otherwise you have come up here to defend an indefensible policy of the U.S. State Department."

(David Ottaway, Washington Post, A28)

CONTRAS SAID TO BREAK UP SANDINISTA SPY NETWORK Saboteurs Blamed For 2 Plan Crashes

TEGUCIGALPA, Honduras -- A network of Sandinista spies and saboteurs inside the most sensitive Nicaraguan rebel bases here has seriously damaged the insurgents' air supply operations and embarrassed both them and their U.S. backers, according to rebel and diplomatic sources here.

The Nicaraguan rebels blame the spy and sabotage network for the crash of two resupply planes in Honduras and the mysterious deaths of several wounded rebel combatants.

The network of about a dozen Sandinista infiltrators in the rebels' Honduran operations was discovered in April by a special contra counterintelligence unit, rebel officials said.

(William Branigin, Washington Post, A1)

SENATE PASSES \$1 TRILLION BUDGET

The Democratic-led Senate approved a \$1 trillion budget, triggering a bitter struggle with President Reagan over provisions he says will overburden taxpayers and gut military programs.

The Senate split nearly along party lines in voting 53-46 in favor of th spending proposal, which calls for more than \$19 billion in new taxes

and limits military spending.

Only three Republicans -- liberals Lowell Weicker, Robert Stafford and John Chafee -- voted for the budget resolution. Three Democrats -- William Proxmire, Howell Heflin and Richard Shelby -- voted against the spending plan. (Linda Werfelman, UPI)

Democrats Pass Budget, Hope For Compromise With Reagan

Congress gave final approval to its \$1 trillion fiscal 1988 budget opposed by President Reagan, but Democratic leaders are keeping the door open for a compromise with the White House.

"The President want to cut the deficit," said Senate Budget Committee Chairman Lawton Chiles, as the Senate approved the budget 53-46 on Wednesday night. "The Congress wants the same thing. I invite the President's cooperation."

The (budget) plan was something "not many American people voted for in 1986 or '84 or '82 or '80," said Senate Republican leader Bob Dole. "That's higher taxes, severe cuts in the defense budget...and sharp increases in non-military domestic spending." (Steven Komarow, AP)

Senate Passes Budget; Battle Over Taxes Begins

The Democratic-controlled Senate approved a \$1 trillion 1988 budget by a 53 to 46 vote, ending the first round of this year's budget battle between Congress and the White House.

"Ronald Reagan is going to veto these tax increases," said Sen. Phil Gramm as the Republicans began their attack on the Democratic budget.
"I think the odds are pretty good we'll never adopt these tax increases."

(Jonathan Fuerbringer, New York Times, A20)

Senate Approves Budget

The Democratic-controlled Senate gave final approval to a \$1 trillion budget that sets up a summer showdown with President Reagan over taxes and military spending.

Senate Majority Leader Robert Byrd said it was a budget recognizing there "was no tooth fairy" for reducing the government's huge deficits which threaten the economy.

"The time for borrowing and spending is over. It is time to tear up our national credit card," Byrd said, defending the plan's \$19.3 billion tax increase.

(AP story, Washington Times, A2)

Senate Near Final Approval Of Plan For Higher Taxes, Curbs On Military

The Senate, closing the first chapter of the 100th Congress' effort to put a Democratic imprint on the nation's spending policies, last night neared final approval of a \$1 trillion budget for fiscal 1988 amid Republican predictions that it will never take effect.

As they have increasingly done in the past two months, most Senate Republicans showed during yesterday's debate that they are eager to follow President Reagan's lead. Though outnumbered in the Senate 54 to 46, Republican have enough votes on many issues to uphold presidential vetoes, and they appear convinced that their best hope of recapturing the Senate in 1988 lies in using that muscle to stymie the Democratic program.

With the approval of the budget expected last night, Congress next will embark on the more difficult task of enacting the individual spending and revenue-raising measures necessary to translate the congressional budget resolution into policy.

"Without the President's cooperation and positive involvement, the next few weeks will not be easy," Senate Budget Chairman Lawton Chiles conceded. "I ask again for the President to join us."

(Tom Kenworthy, Washington Post, A4)

HOUSE REJECTS CUTS, APPROVES MONEY BILL

The House began the fiscal 1988 appropriations process in familiar fashion -- by ignoring a White House veto threat and by decisively rejecting an attempt to trim spending.

The bill was the \$16.1 billion energy and water appropriations measure, which cleared the House by an overwhelming vote of 340 to 81, far more than the two-thirds majority needed to override a veto.

The key test in the debate came over an attempt...to cut 1.7 percent, or \$271 million, from the bill. The amendment would have reduced by half the increase in spending from this year's appropriation to the level proposed for 1988. The House rejected the cut, 276 to 143.

"It is a small sacrifice for all of us," said Rep. Nancy Johnson (R.-Conn.). "It's tough, but not disastrous and the result will be real deficit reduction."

"You're trying to save some money while the country goes to the dogs," said Appropriations Chairman Jamie Whitten.

"If the country is going to go to the dogs if we cut 1.7 percent, then the dogs ought to have it," replied Rep. Arthur Ravenel.

(Edward Walsh, Washington Post, A5)

HOUSE PANEL ADDS DRUG BENEFIT TO INSURANCE PLAN

The House Ways and Means Committee voted 24 to 12 to add an outpatient prescription drug benefit to the catastrophic-illness insurance measure for the nation's 31 million Medicare beneficiaries.

The new benefit would require Medicare to pay 80 percent of the cost of outpatient drugs exceeding \$800 a year per beneficiary, starting Jan. 1, 1990. The House Energy and Commerce Committee, which shares jurisdiction, has approved a provision to pay outpatient drug costs exceeding \$500 a year per enrollee. Committee leaders hope to work out a compromise. (Spencer Rich, Washington Post, A11)

PROSECUTOR SAYS MEESE PROBE GROWING

The special prosecuting team investigating Attorney General Meese may be beefed up to follow more leads.

"This is something that could happen," special prosecutor James McKay said in an interview. "We're going to see how things play out in the next few weeks."

McKay said his staff of six full-time and eight part-time lawyers may have to expand -- despite Justice Department complaints that special prosecutors are spending too much.

McKay said the investigation was growing, but wasn't suggesting imminent indictments. (Sam Meddis, USA Today, A4)

COURT BACKS WOMAN FIRED FOR REAGAN SLUR

A sharply divided Supreme Court, reaffirming the First Amendment rights of public employees, ruled 5 to 4 that a county clerk in Texas could not be fired for saying that she hoped President Reagan would be assassinated.

Justice Thurgood Marshall, writing for the court, said the remark, made privately by a clerk to a fellow employee at the Harris County constable's office, was, taken in context, "political speech" and did not interfere with the functioning of the office. The clerk was fired, he said, "for exercising her constitutional right of freedom of expression."

Justice Antonin Scalia, in dissent, called the ruling irrational. "It boggles the mind," he said, "to think that she has such a right." Scalia was joined by Chief Justice William Rehnquist and Justices Byron White and Sandra Day O'Connor. (Al Kamen, Washington Post, Al)

REAGAN SET FOR SEMI-ANNUAL POST-CANCER CHECKUP

President Reagan will undergo a semi-annual checkup tomorrow in a routine post-cancer examination at the White House, his press office said.

A written statement issued described the checkup as a "regular follow-up endoscopic examination" -- an intestinal probe.

It said there would be no need for an X-ray or computerized CAT scan during the "routine office procedure." (Gene Gibbons, Reuter)

NORTH, PANELS AGREE ON TERMS FOR PUBLIC, PRIVATE TESTIMONY

The House and Senate Iran-contra committees announced that they have reached an agreement with a lawyer for Oliver North that will allow North to begin testifying publicly on July 7.

Committee members, sensitive to charges that they had made concessions to North, stressed that they have given him no binding "commitments." Instead, they said, they had outlined their "intensions" in a letter worked out with one of North's attorneys, Brendan Sullivan, and sent to Sullivan vesterday.

Nevertheless, as described by committee sources, the understanding meets most of the concerns originally expressed by North's lawyer and will sharply curtail investigators' opportunities to ask North preliminary questions in closed session before his public appearances.

The understanding calls for North to turn over documents and appear initially on July 1 in closed session -- but not under oath -- to discuss Reagan's knowledge of the diversion of profits from the sale of U.S. arms to Iran to support the Nicaraguan contras. He will then be sworn in and asked a few key questions based on the interview.

Senate Chairman Daniel Inouye said the arrangement for the limited preliminary questioning had been deemed sufficient by the house and Senate counsels, who worked out the understanding with Sullivan. In the letter, the committees say they anticipate that his public testimony will last no more than a week and that they do not expect to call him back after that.

(Dan Morgan & Walter Pincus, Washington Post, A1)

Committee Makes A Deal With North

The Iran-contra investigative committee cut a deal with Oliver North, agreeing to limit private questioning of its star witness to one day, during which he will be asked only about what involvement, if any, President Reagan had in the diversion of Iranian arms sales proceeds to the Nicaraguan resistance.

North's lawmakers agreed to question North privately for only one day about any presidential involvement in the Iran-contra affair and to question him publicly for only one week, beginning July 7. The panel told North's lawyer, Brendan Sullivan, in a letter it would not recall North for further testimony unless "extraordinary developments create a compelling need" to do so.

The committee also bowed to North's demand for access to records detailing his role in the Iran-contra affair.

(Mary Belcher, <u>Washington Times</u>, A1)

North Will Testify Publicly July 7

Oliver North, reportedly eager to tell his side of the story in the Iran-contra scandal, will get the chance July 7 when he is scheduled to testify at the nationally televised Senate-House hearings.

The former National Security Council aide agreed to terms set by the congressional panel investigating the affair, averting a showdown with the committee and a possible contempt of Congress citation.

(Robert Gettlin & Robert Lewis, Newhouse)

North To Begin Testifying In Public On July 7

The congressional Iran-contra investigating committees declared that Oliver North would begin testifying in public on July 7 after only a limited private interrogation by attorneys an members of the two select panels.

Leaders of the House and Senate committees said the conditions governing North's testimony about the covert Iranian arms sales and contra support operations would not compromise Congress' prerogatives, while protecting North's rights as a target of a criminal investigation by independent counsel Lawrence Walsh.

"In an ideal world there wouldn't have been a parallel criminal investigation and Oliver North would have...testified publicly months ago," said Arthur Liman, chief counsel for the Senate select committee and an experienced lawyer in criminal matters. "But we've had to deal in a real world in which there is a parallel investigation and we've had to accommodate that fact."

(Finlay Lewis, Copley)

North Will Testify Publicly July 7 After Winning Some Concessions

Oliver North, the central figure in the Iran-contra scandal, will break his silence and tell his story to the nation beginning July 7 under an agreement with Congress.

Conclusion of the agreement, which lays out terms for North's appearance before the committees, ended a week-long standoff that had raised fears the panels might never hear from the man who apparently has the broadest and deepest knowledge of the affair.

"I'm delighted an agreement has been struck," said Rep. Lee Hamilton.... "I look forward to Col. North's testimony."

Even though Hamilton referred to the document as an agreement, the panels sought to dispel any impression that concessions had been made to North.

Some were worried that the talks with North's lawyer, Brendan Sullivan, and the accommodation it produced could be seen as setting a bad precedent for congressional investigations.

Rep. Jack Brooks, who opposed any dealings with Sullivan, called the agreement unconscionable and said North should have been given the simple choice of testifying without any conditions or facing contempt charges.

(David Espo, AP)

CIA LAWYER SAID HOSTAGES THE TOP PRIORITY IN ARMS DEALS

The CIA lawyer who gave the White House the legal instrument to sell arms to Iran said the top priority always was purchasing freedom for American hostages in Lebanon, and no mention was ever made of a diplomatic overture to Iranian "moderates."

Stanley Sporkin, who resigned as chief CIA counsel last year to become a federal judge, also told the Iran-contra committees he cautioned the White House in early 1986 about bringing in Richard Secord to operate the foreign policy overture -- but National Security Adviser John Poindexter apparently disregarded the warning.

(Joseph Mianowany & Anne Saker, UPI)

Reagan, CIA Hid Iran Arms Deal From Congress

After weeks of haggling among his subordinates, President Reagan, with the stroke of a pen, gave the cloak of presidential approval to clandestine arms sales to Iran and directed that Congress be kept in the dark about the transactions.

Stanley Sporkin, formally the chief counsel to the CIA and now a federal judge, testified that he insisted on getting written presidential approval for the clandestine arms sales.

But some in the Administration wanted to keep Congress unaware of the transactions, he admitted. After numerous rounds of meetings stretching over weeks, Administration officials settled on the legal device of a presidential finding, signed in January 1986, which approved the arms sales.

The finding offered three justifications for selling arms: to establish a more moderate government in Iran, to obtain from certain Iranians intelligence data, and to further the release of American hostages held in Beirut.

But Sporkin, in his testimony, admitted that the only real reason was the release of the hostages. He testified that some in the Administration resisted the idea of referring to the hostages at all in the document. Sporkin insisted on it and his view prevailed.

(Gary Thatcher, Christian Science Monitor, A1)

POLISH-CONTRA ARMS TIE CITED IN PARIS SLAYING

Agents of Eastern European governments may have assassinated a special adviser to President Reagan because he was helping Oliver North divert arms from Poland to the Nicaraguan resistance.

French businessman Glenn Souham, who was European coodinator of Reagan's Board of Advisers on Private Secretor Initiatives, was shot to death in Paris last September. According to a report in the July issue of Washingtonian Magazine, published yesterday, Souham helped North open channels to the Polish trade union Solidarity, members of which helped in an elaborate scheme to smuggle the weapons to the contras.

Washingtonian reported that North, after being turned down by Israeli officials in an effort to supply the contras with untraceable arms, "went to the CIA and, using CIA connections," first made contact with Souham.

"North's most audacious effort to supply arms to the contras involved the outlawed Polish trade union Solidarity," the magazine said. "Because the Sandinistas were almost entirely outfitted with Soviet-made and Eastern Bloc weapons, emphasis was planed on supplying the contras with similar weapons."

(John McCaslin, Washington Times, A1)

TWO KEY CABLES ON CIA'S ROLE IN IRAN ARMS SHIPMENTS MISSING

The House and Senate Iran-contra panels disclosed new details of extensive CIA involvement in the November 1985 shipment by Israel of American-made arms to Iran, and revealed that key CIA cables on the mission are missing or destroyed.

An unusual presentation by congressional investigators focused on the role of Duane (Dewey) Clarridge, the senior CIA official involved in directing the agency's role in the operation. In sworn testimony to investigators, Clarridge denied knowing that the shipment contained arms and insisted that he thought it consisted of "oil-drilling equipment," according to House deputy chief counsel W. Neil Eggleston.

Two other CIA employees and a State Department official have given the committees statements that appear to contradict Clarridge's testimony that he was not informed that the cargo was weapons. Evidence produced earlier by Iran-contra investigators has shown that numerous U.S. officials knew that the shipment in question involved Hawk antiaircraft missiles that were meant to buy the freedom of Americans then held hostage in Lebanon.

(Walter Pincus & Joe Pichirallo, Washington Post, a1)

EDITOR'S NOTE: "The Iran-Contra Hearings; Week Seven Of The Testimony," appears in The Washington Post, A13.

-End of A-Section-

(Wednesday Evening, June 24, 1987)

IRAN-CONTRA HEARINGS

ABC's Peter Jennings: Oliver North and the Iran-contra committees of Congress have now agreed on how and when he will give his critical testimony. Col. North and his lawyers have apparently had a change of heart.

ABC's Brit Hume: At day's end, Senate Chairman Inouye announced agreement with North's lawyer for North's appearance in private under oath July 1 with an expected week of public testimony starting July 7.

(Sen. Inouye: "The committees made it clear that we would make no commitment on limiting Lt. Col. North's public testimony or promise not to recall him as a witness.")

But Inouye said the sworn private testimony would be limited to question of the President's role, if any, in the diversion of arms sales profits. Other issues would be discussed informally with no oath. Still, the committees' leaders insisted this was no compromise.

(Rep. Hamilton: "We certainly did not make any concessions, I think. We set the terms. We set the timing of the testimony. We set the length of the testimony.")

Senate Vice Chairman Rudman agreed that it was the committee's, not North's lawyer, who had won.

(Sen. Rudman: "Number one, he wanted to limit Col. North's testimony -- wanted a guarantee of that. That has not been done. He did not want to testify in private session under oath -- he will. He wanted a guarantee there would not be a recall -- he does not have it.")

Not all members agree.

(Rep. Brooks: "There's no point in this. It's not necessary. I don't think it is wise. I don't think we should have done it. And I have serious reservations about it.")

So the committees are now assured of hearing from the one witness whose testimony they could hardly do without, but not without making some concessions which they must now deny were concessions to avoid having to make them to every other important witness who is summoned here.

(ABC-Lead)

CBS's Phil Jones: North will appear for public testimony on July 7 with intended completion by July 10...

(Sen. Inouye: "We also insisted on an executive session interview and testimony of Lt. Col. North on the subject of presidential knowledge of or involvement in the diversion.")

.... Under this accord, North will now appear before his former National Security boss, Admiral John Poindexter.

(Sen. Hatch: "I believe that probably North acted pursuant to authority and I presume that what he wants to do is establish North's story and then I think they are counting on Admiral Poindexter, being an honest man, probably admitting he knew what North was doing and had authorized it.")

Jones continues: Everybody appears to win with this understanding. The committees will now get North's testimony and North will have a forum to rally public support before his expected indictment by the independent counsel.

CBS's Dan Rather: The former CIA lawyer who drafted the legal basis for President Reagan's secret arms shipment to Iran testified at today's hearings. He said that the whole idea right from the start was a straight-out ransom deal — to swap weapons to Iran for American hostages in Lebanon. Stanley Sporkin said there was never any talk about the weapons being a diplomatic overture to so-called Iranian moderates as President Reagan had claimed when the public first found about his secret policy. (CBS-Lead)

NBC's Tom Brokaw: The Iran-contra committees today struck a deal with the man that everyone has been waiting to hear from -- Lt. Col. Oliver North. North agree to testify in private, under oath on July 1, and he'll testify in public beginning six days later. The committees refused to agree to limit North's testimony to certain subjects. John Dancy reports that testimony from others has created a confusing and contradictory image of this fired White House aide.

NBC's John Dancy: The hearings so far have drawn a picture of Oliver North that is a paradox -- warrior saint vs. the law breaker and petty chiseler. To one of his bosses, he was the perfect aide.... A busy man -- dashing off to the Mid East to bring home a hostage, briefing groups about the contras. He engendered intense loyalty and affection among the people who knew him.... He gave everyone the impression he spoke often to the President.... But his special relationship with the President seems to have been a sham.... He was also portrayed as a man who skirted close to the edge of the law, shredding key documents as the investigation began.... So committed to the contras that he pressed Richard Secord to divert more and more of the Iran arms profits to them.... A man who kept travelers check donated to the contras in a safe in his office.... North also apparently used some of the travelers checks for himself.... He also accepted an electronic gate and security system from Richard Secord, then accepted phoney bills and sent phoney letter to Glenn Robinette, the man who installed it, to cover it up.... Now, with today's announcement, the committees have worked out arrangements to hear from North himself. They say the picture won't be complete until they do. (NBC-6)

HAMADEI

Brokaw: An international chess game involving the U.S., West

Germany and Middle East terrorists was played out today and the
U.S. was check-mated. It will not get its hands on Mohammad Ali
Hamadei who is wanted for the hijacking of TWA flight 847 in which
American sailor Robert Stethem was murdered....

NBC's Paul Miller: The West German cabinet decided that extraditing Hamadei to the U.S. would threaten the lives of two German hostages in Lebanon.

Miller continues: Hamadei will face air piracy and murder charges in Germany. Those are the same charges he would have faced in the U.S. Attorney General Edwin Meese, who had been demanding extradition, said it was no longer necessary.

(Attorney General Meese: "We're satisfied that the requirements of the law and the cooperation against terrorism have been fully fulfilled by the German government.")

During the hijacking of the TWA jet in 1985, Navy diver Robert Stethem was murdered. Eye witnesses have identified Hamadei as one of the hijackers. And Stethem's family is worried the Bonn government will eventually trade Hamadei for the two German hostages.

(Patricia Stethem, Robert's mother: "I'm sure they'll convict him. I'm sure they'll sentence him. But keeping him behind bars is my concern and our family's concern.")

Mrs. Stethem received a call today from President Reagan who told her West Germany had promised there will be no deal and they will not grant him clemency.... Hamadei's lawyer said he is pleased he's not going to the U.S.... Many Germans are also pleased with the decision because they believe it will buy time to negotiate the hostages' release.... While German officials believe it is safer for the hostages to try Hamadei here, they know there are other risks involved. They've already increased security at the airports and along the borders to try to prevent any terrorist attacks.(NBC-Lead)

NBC's John Chancellor's commentary: How's the hostage business going these days? Still going strong. The news from West Germany today was very good for the hostage business. In the cafes in West Beirut, Moslem extremists must be raising their coffee cups -toasting the West German government's handling of the Hamadei case. In the history of terrorism, there have been few outrages as blatant as this one.... The message to the West German government was explicit -- if Hamadei is sent to America to stand trial, the two German hostages die. It worked. As we saw in this program this evening, Hamadei will not be sent to the U.S. He will be tried in The federal chancellory in Bonn says the full weight of Germany. the law will be applied in this case. It says West Germany will not give in to blackmail. Who's kidding? The West Germans have already given in to blackmail. If they hadn't, Hamadei would be in the U.S. The American demand to try him for the hijacking of an American airliner and the murder of an American citizen was a legal demand. The American government is trying to put the best face on all this. West German is an important ally. Its help is needed if there's to be a arms deal with the Russians. But the sad truth remains -- taking hostages still works. The hostage business remains in good shape. (NBC-10)

ABC's Barrie Dunsmore from Bonn: The decision was effectively made several weeks ago -- it was formally endorsed in today's Bonn cabinet meeting and then publicly announced.... The U.S. claimed Hamadei was one of the men who hijacked TWA 847 two years ago when Navy diver Robert Stethem was murdered. Extradition proceedings were begun at once. But the kidnapping of two West Germans in Beirut complicated the matter -- their lives were threatened if Hamadei should be sent to the U.S.

Dunsmore continues: When Reagan and Kohl met earlier this month, Kohl explained he wouldn't risk his hostages by agreeing to extradition, but would prosecute Hamadei with the maximum charges. Today, the U.S. Ambassador to Bonn said this was satisfactory.

(Richard Burt: "They made it clear that there will be no deals, that they do not intend to grant clemecy, that he will feel the full rigor of German law -- which in this case is a life sentence.")

Attorney General Meese, who was given the German decision here in Bonn yesterday, today pledged full U.S. cooperation in Hamadei's prosecution.

(Attorney General Meese: "We will provide all the evidence that is at our disposal, including witnesses or anything else in which we can cooperate.")

There is no doubt that America's secret arms-for-hostages deal with Iran weakened the moral argument that justice required Hamadei be tried in the U.S. and so today's outcome, which seems at least to preclude Hamadei's early release, was probably the best that could be expected.

ABC's Sam Donaldson: Expected though it was, the West German decision against extraditing Hamadei was met with deep disappointment here in Washington. The family of Robert Stethem, the young Navy diver Hamadei is accused of murdering, took it particularly hard.

(Patricia Stethem: "I think the top Administration officials could have taken a much stronger stand and if they did, I'm unaware of it." Reporter: "Why do you suppose they didn't?"

Stethem: "Hostages -- it just boils down to bargaining chips.")
In fact, President Reagan, by his own admission, had not pressured Chancellor Kohl to extradite Hamadei when the two had discussed the matter at the economic summit in Venice. Mr. Reagan had merely stated his preference for extradition. But told this morning that Stethem's mother was voicing her upset on television, the President called her to say he has Chancellor Kohl's assurance that there will be no deals and no clemency granted to the man Mr. Reagan referred

(Mrs. Stethem: "I let him know in no uncertain terms that I was devastated.")

to as, "the hijacker Hamadei." Mrs. Stethem was not mollified.

White House officials are also unhappy with the decision, but presidential press assistant Marlin Fitzwater tried to make the best of it by saying, "an expeditious, vigorous and complete prosecution, with full punishment, will satisfy our interest in justice." But Fitzwater agreed that no one now can guarantee how full that punishment will be. There may be good reasons why the President felt he shouldn't or couldn't pressure the Germans, but they are not easy ones to sell to the public. So the impression left from today's incident will probably be that a weaken Ronald Reagan, who once proclaimed, "They can run, but they cannot hide," has come up short where it counts. (ABC-3)

Rather: President Reagan is quoted as saying only pressure from him prevented West Germany from freeing an accused hijack murder. Hamadei will be tried in Germany and the Germans said today that if convicted, Hamadei will not be pardoned.

CBS's Rita Braver: ... A controversy broke over the President's role in the handling of Hamadei. In an interview the mother of Navy diver Robert Stethem said that the President told her he stopped the trade of Hamadei for two West German businessmen held hostage in Lebanon.

(Mrs. Stethem: "He did assure me that he felt it was his personal intervention in the mediation overseas that kept the Germans from going ahead with the exchange that the West Germans had been thinking about."

Reporter: "You mean he told you that the West Germans would have exchanged him?"

Mrs. Stethem: "That was the intentions of the West Germans -- to exchange him for the German people. That was their intention.")

The White House said the President's conversion with Mrs. Stethem didn't touch on a hostage swap and the West German Embassy denied any plans for a deal.... Publicly, U.S. officials said they were satisfied.

(Attorney General Meese: "This action by the Federal Republic of Germany demonstrates this government's full commitment to the rule of law and to international cooperation against terrorism.")

But privately many Administration aides were bitter. The hijacking of TWA flight 847, a two week ordeal that was unfolding two years ago today, was a painful and humiliating experience for this country.... (CBS-2)

GLASS/HOSTAGES

NBC's Chris Drake: Ali Osseiran and his body guard were home safe this morning, but they gave no clue why Charles Glass also is not free.

(Osseiran: "I don't know.")

In London, Glass' wife said she was disappointed but added that the Syrian President is still trying to get her husband released.

(Fiona Glass: "The news is that the Syrians are still doing everything they can to get him freed as well, and we just hope that something may come of it soon. But obviously, we can't say that.") In Beirut the Syrians have vowed to free Glass — even if that means using force. So far, their troops have tighten the noose around the pro-Iranian strongholds in the southern suburbs where Glass and other foreign hostages are believed held.... In Damascus tonight, government controlled radio warned that the Syrians would not tolerate kidnapping. It said there was no place the captors could hide. That's the toughest warning yet from the Syrians and today they reportedly banned pro-Iranian groups in eastern Lebanon from carrying weapons — suggesting the government has decided the time has come to get much tougher with the kidnap gangs.

(NBC-2, ABC-2, CBS-3)

SOUTH KOREA

Brokaw: South Korea's two week political crisis today saw some gains for the opposition -- a major dissenter, Kim Dae-jung was freed from house arrest after another opposition leader met with President Chun. But the crisis continues nonetheless.

NBC's Steve Mallory reports on Kim and his follower's vow to continue to fight.

NBC's Anne Garrels reports on how South Korea's violations of human rights have united the opposition to President Chun and in the U.S. (NBC-3, ABC-4, CBS-4)

SUPREME COURT DECISIONS

Brokaw: Without dissent today the U.S. Supreme Court ruled that religious groups may refuse to hire people who are not members of their faith even for non-religious jobs. The court also said that religious groups may fire employees if those employees failed to keep the faith. In another case today, the court split 5-4 in upholding the free speech rights of workers. The court ruled that a clerk in a Texas constable's office should not have been fired for what she said on March 30, 1981, when she heard that President Reagan had been shot and wounded. She said, "If they go for him again, I hope they get him."

PRESIDENT'S HEALTH

Rather: President Reagan will have another follow-up examination on Friday to check for any reoccurance of cancer. Mr. Reagan had colon cancer surgery two years ago and has had several skin cancers removed from his face. The checkup will take place at the White House, not inside a hospital. (CBS-10)

-End of B-Section-

PERSIAN GULF POLICY

Here We Go Again -- "President Reagan's pledge to 'protect the free world's oil flow' by expanding our naval presence in the Persian Gulf suggests a powerful itch to plunge into military action. It is also the latest manifestation of fallacious thinking to which all superpowers succumb -- the notion that we know the interests of other countries better than they know their own interests.... Let us rid ourselves of the superpower fallacy before the superpower fallacy rids us of more American lives, American influence and American credibility."

(Arthur M. Schlesinger, Jr., Philadelphia Daily News, 6/23)

Iran Benefits From the Gulf Panic -- "The U.S. is charging into the Persian Gulf with as little logic as Don Quixote attacking windmills. American policymakers are moving ships, issuing demands and flagellating U.S. allies without understanding that the predominate threat to the U.S. interests in the Persian Gulf is ideological, not military. With all of its military posturing, the U.S. is nourishing that threat rather than thwarting it."

(Sandra Mackey, Chicago Tribune, 6/24)

Be Firm In The Gulf -- "Two successive Presidents have declared that the Gulf is vital to our interests and that we are prepared to use military force if necessary to protect those interests. A superpower cannot keep saying these things and then not do anything when put to the test. Either the statements should not have been made or we must now be willing to back them up. I am not aware that any of the Congressional critics of our Gulf policy expressed reservations when Jimmy Carter and Ronald Reagan made these policy statements.... The thrust of our policy is to maintain pressure on Iran in order to dissuade it from continuing to pursue the war. The task now is to carry out that policy in a way that demonstrated firmness while keeping diplomatic doors open for any sign of change in Iran's policy."

(Michael Sterner, New York Times, 6/24)

Some Big "Ifs" -- "If one assumes that the developing Reagan Administration Persian Gulf policy -- putting U.S. flags aboard Kuwaiti tankers and providing naval escorts for those tankers -- makes sense, then sending a battleship-led task force into the Gulf, as purposed by the Pentagon, also makes sense.... If the policy is right, then the battleship is a proper instrument of that policy. But that's still a big 'if.'"

(Ft. Worth Star-Telegram, 6/19)

An Unclear, High-Risk Policy In The Persian Gulf -- "While some U.S. officials speak sensibly about the Persian Gulf, President Reagan does not.... An Administration report delivered to Congress Tuesday specifically rejected that idea even as it said that 'We are not adverse to working with the U.S.S.R. in multilateral efforts to end the war.' Keep out of the Gulf, the President tells the Soviets, but help end the Iraq-Iran war. Soviets, Kuwaitis, Iraqis and others tell him he can't have it both ways."

(Minneapolis Star and Tribune, 6/17)

PERSIAN GULF (continued)

Twisted 'National Security' -- "National security -- when properly defined -- is surely worth defending, even with a declaration of war. But the phrase loses all meaning when it is used to justify ad hoc military adventures or to divert public attention away from political problems at home. The term has become so twisted that it is now being used to send American sailors into harm's way, where they conceivably will defend Soviet political interests and Iranian oil shipments. That may divert public attention from the Iran-contra hearings, but it is yet to be explained why it is in the national security interests of this country."

(Des Moines Register, 6/17)

An Iranian Lake? -- "Anyone who doubts Iran's capacity to dominate its weaker Arab neighbors and intimidate the superpowers need look no farther than Capitol Hill. Lawmakers are retreating in droves from President Reagan's circumscribed policy of keeping the Persian Gulf oil lanes open in the face of Tehran's threats to sink neutral shipping.... Regional stability will never result from the U.S. shirking its avowed duty to preserve freedom of navigation in the Persian Gulf. On the contrary, the isolationist path sought by many in Congress would only encourage Tehran to press its goal of turning the region into an Iranian lake."

(San Diego Union, 6/17)

Global Reagan: The Persian Gulf -- "Ronald Reagan explained why he thinks the U.S. must flex its muscle in the Persian Gulf. But he ignored the risks -- and alternatives.... America's allies have done nothing to increase their presence in the Gulf. Saudi Arabia has a large, modern air force but looks the other way. Other Arab states fuel the Iran-Iraq war with cash. The goal of U.S. policy should be to change those factors. Dry up the flow of arms and money that keep the war going. Prevent either side from winning -- without taking sides. The use of military muscle should be America's last resort." (New York Daily News, 6/19)

Gulf Arguments Don't Justify Risks -- "Access to Persian Gulf oil is an undeniably vital Western interest. That access, however, is not yet seriously challenged by the Iran-Iraq war... Once again, as in Lebanon, tactically vulnerable U.S. military forces are being placed in harm's way on behalf of unconvincing and inchoate foreign policy objectives in the most violent and unpredictable region of the world."

(Jeffery Record, Milwaukee Sentinel, 6/13)

More Fuzzy Talk -- "The President and the country owe the men who died on the USS Stark, as well as the American sailors who could be killed tomorrow in the Gulf, a far more rigorous analysis of our goals and concerns there. Simply staring at the region through the East-West prism won't do.... The Administration seems to be drifting, content to let events and the actions of others determine what happens in the Gulf."

(Kansas City Times, 6/19)

Unwisdom In The Gulf -- "President Reagan is right in beefing up the strength of U.S. Naval forces in the Persian Gulf to a point where they can adequately defend themselves. He is wrong in pushing ahead with plans to place 11 Kuwaiti tankers under the U.S. flag."

(Baltimore Sun, 6/19)

ARMS CONTROL

"The prospects for progress in superpower negotiations on the elimination of intermediate nuclear forces in Europe brightened yesterday with the announcement in Geneva that Mr. Shultz...would meet his Soviet counterpart, Mr. Shevardnadze, in Washington next month.... However, the State Department last night sounded a note of caution about the meeting. 'We've stated often that it's a possibility but nothing has been scheduled,' said an official."

(Financial Times, Britain)

"The U.S. and Soviet Foreign Ministers will meet in Washington in mid-July for what is likely to be the last chance to overcome obstacles to an agreement on Intermediate Nuclear Forces before time runs out for the Reagan Presidency."

(Guardian, Britain)

"In case the U.S. government allows the Russians to move SS-20 missiles for training purposes to the European part of the Soviet Union, the score would be one to zero for Moscow. One can really wonder what kind of wisdom conceives such brilliant ideas." (Die Welt, West Germany)

"On July 10-11, barring sudden obstacles, Shultz and Shevarnadze will meet in Washington in an effort to define the terms for an agreement for the reduction of theater weapons in Europe, to set a date and a term for the third Reagan-Gorbachev summit and to find an agreement on the Persian Gulf and major regional crisis. U.S. disarmament negotiator Rowny...warned that Shultz and Shevardnadze might not be able to resolve at once the difficult problems facing them. A top-level official at the White House privately confirmed the news with an additional note of caution: the meeting could be postponed at the last minute."

(La Stampa, Italy)

"The convening of the U.S.-Soviet foreign ministers' talks in mid-July means a broad agreement was reached at the INF negotiations indicating major prospects toward convening summit talks between two countries. The greatest theme of the Washington foreign ministers' talks will be to fix that date of the summit talks. At present, a leading choice is a September summit."

(Nihon Keizai, Switzerland)

SOUTH KOREA

"Despite the Korean government's efforts to belittle the meaning of a series of visits by U.S. Government officials, diplomatic observers here point out that, at a minimum, one can discern the departure of the U.S. from its 'quiet diplomacy' and notice its efforts to prevent a rupture of Korea's political process. Although some Koreans view such maneuvers as an expression of the U.S. sense of frustration, the dominant view here seems to be that Koreans should closely observe U.S. actions in Korea with the perspective that the U.S. is Korea's best ally and, as such, is an appropriate partner and adviser." (Joongang Ilbo, South Korea)



News Summary

OFFICE OF THE PRESS SECRETARY

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TODAY'S HEADLINES

INTERNATIONAL NEWS

Opposition Says Talks Fail, Vows New Protests -- Opposition leader Kim Young Sam and his newly freed ally Kim Dae Jung discussed their nation's political crisis after calling for massive demonstrations when talks with President Chun Doo Hwan collapsed.

(Washington Post,

Washington Times, AP, Copley)

NATIONAL NEWS

Senate Approves Budget -- The Democratic-controlled Senate gave final approval to a \$1 trillion budget that sets up a summer showdown with President Reagan over taxes and military spending.

(New York Times, Washington Post, Washington Times, AP, UPI)

IRAN-NICARAGUA

North Will Testify Publicly July 7 -- Oliver North, reportedly eager to tell his side of the story in the Iran-contra scandal, will get the chance July 7 when he is scheduled to testify at the nationally televised Senate-House hearings. (Washington Post, Washington Times, AP, Copley, Newhouse)

NETWORK NEWS (Wednesday Evening)

IRAN-CONTRA -- Oliver North and the Iran-contra committees have agreed on how and when he will give his critical testimony.

HAMADEI -- The West German cabinet decided that extraditing Mohammed Ali Hamadei would threaten the lives of two West Germans held in Lebanon.

GLASS -- Ali Osseiran said he had no clue as to why Charles Glass was not freed with him.



OPPOSITION FORCES REJECT OFFER TO REOPEN CONSTITUTIONAL DEBATE IN KOREA

SEOUL -- Dissident leader Kim Dae Jung, speaking shortly after a government order confirming him to house arrest was rescinded, said Thursday that an offer by President Chun Doo Hwan to reopen constitutional debate had been rejected by opposition forces as an exercise in futility.

The prominent opposition figure, who addressed a post-midnight news conference immediately after police guards were withdrawn from around his home, said Chun's ruling Democratic Justice Party would only "attempt to manipulate the talks in an effort to delay" significant progress on the issue.

Kim called on Chun instead to immediately authorize a national referendum to allow South Korean voters to choose between a proposal put forward by the ruling party and one proposed by the opposition for making the country's government more democratic.

"I am skeptical about whether President Chun really want to solve the present situation," Kim declared as reporters and photographs milled around him at his house, where he has been kept a virtual prisoner for the past ten weeks.

(Jon Funabaki, Copley)

Opposition Says Talks Fail, Vows New Protests

SEOUL -- Opposition leader Kim Young Sam and his newly freed ally Kim Dae Jung discussed their nation's political crisis after calling for massive demonstrations when talks with President Chun Doo Hwan collapsed.

"We condemn the current regime's scheme to prolong its power," Kim said after the three-hour meeting with Chun Wednesday at the presidential mansion.

"In order to strive for fuller democratization we and the other democratic forces pledge to continue our non-violent and peaceful struggle," he added. (Paul Shin, AP)

Seoul Opposition Dissatisfied; Chun's Concessions Called A Sham; Government Still Optimistic

SEOUL -- Opposition politicians denounced as a sham political concessions offered by President Chun Doo Hwan and suggested they would encourage an escalation of a two-week-old campaign in the streets against his government.

The statements dampened optimism that the two intensely hostile sides were close to a peaceful settlement of the protests. But government spokesmen played down the rejection as posturing and said the sides were still headed toward a "grand compromise."

Chun presented to opposition leader Kim Young Sam an offer to reopen negotiations in the National Assembly toward amending the constitution, effectively reversing an announcement he made April 13 suspending the talks until after the 1988 Seoul Summer Olympics in Seoul.

Chun said the Kim Dae Jung, who shares leadership of the opposition party with Kim Young Sam, would be freed from a 2½-month-old house arrest.

(John Burgess, Washington Post, A1)

Opposition Calls For New Protests To Oust Seoul Government

SEOUL -- The top U.S. diplomat for Asia, Gaston Sigur, said that "the United States wants for Korea what the Korean people want -- a freely-elected government supported by the people and respecting the rights of the people."

His remarks came as opposition leaders called for massive new protests tomorrow after characterizing yesterday's summit with President Chun Doo Hwan and opposition leader Kim Young Sam as a failure.

Said Sigur: "I found in Korea a widespread desire for political progress through peaceful process. I also found that holding the Olympic Games here enjoys broad and enthusiatic support."

Sigur...made his remarks in an airport press conference...just before his departure for Washington. He said he would report to President Reagan immediately after his return.

(Edward Neilan, Washington Times, A1)

REAGAN TRIES TO SOOTHE STETHEM FAMILY Slain Navy Man's Mother Criticizes Efforts On Hamadei Extradition

President Reagan told the mother of murdered Navy diver Robert Stethem that Mohammed Ali Hamadei, accused of killing her son, will be brought to trial in West Germany and "get the justice he deserves."

Reagan sought to reassure Patricia Stethem, who said her family was "devastated" by the West German government's refusal to extradite Hamadei and criticized the President's efforts in the case as insufficient.

(Lou Cannon, Washington Post, A23)

Killer Will Get Justice, Reagan Tells Slain Sailor's Mother

President Reagan telephoned the mother of Navy diver Robert Stethem, who was murdered in the 1985 TWA hijacking, to assure her "justice will be done" in the case of accused terrorist Mohammed Ali Hamadei.

The call to Patricia Stethem followed a nationally televised interview in which she said her family was "devastated" by Reagan's failure to have Hamadei extradited to the U.S. from West Germany, where he is awaiting trial.

"We have made every effort to assure justice in the prosecution of the hijacker Hamadei," Reagan told Mrs. Stethem.

(Jeremiah O'Leary, Washington Times, A2)

Reagan Claimed To Stop Hamadei Deal, Stethem's Mother Says

NEW YORK -- The mother of Navy diver Robert Stethem, murdered in a Middle East hijacking, said President Reagan told her he had stopped West Germany from trading hijack suspect Mohammed Ali Hamadei for two German businessmen kidnapped in Lebanon.

"He did assure me that he felt it was his personal intervention and mediation overseas that stopped the Germans from going ahead with the exchange that the West Germans had been thinking about," Patricia Stethem said in an interview on CBS News. (Reuter)

HOPES FADE FOR EARLY RELEASE OF NEW U.S. HOSTAGE IN LEBANON

BEIRUT -- Prospects of early freedom for U.S. kidnap victim Charles Glass dimmed following the release of two Lebanese abducted with him over a week ago.

In Damascus, however, a highly-placed official said Syria would continue to press for the American's freedom.

"Syria is exercising military and administrative pressures on all levels for this purpose," the official said.

Concern that Glass had joined nine other U.S. nationals believed kidnapped in Lebanon intensified when a police driver and Ali Ossieran...were released yesterday. But there was no sign of Glass.

Ali, 40, appeared on the doorstep of his family home at Rmeilah near the southern port city of Sidon early yesterday. Relatives said he was exhausted and drenched with seawater. (Mohammed Berjaoui, Reuter)

U.S.-OWNED FOREIGN-FLAGGED SHIPS CAUSING HEADACHES

The Reagan Administration may be forced to review its refusal to protect American-owned commercial vessels flying foreign flags in the Persian Gulf, according to Administration officials and U.S. ship owners.

The expected review could lead to the Administration honoring requests for protection of American ship owners who have chosen to hoist flags of convenience instead of the Stars and Stripes on their vessels, the officials and ship owners said.

The review is being prompted by claims from ship owners their foreign-flagged vessels pay U.S. taxes and can be mobilized in times of national emergency, just like the 11 Kuwaiti tankers the U.S. Navy intends to escort through the gulf waters once they have been registered under American flags.

(James Dorsey, Washington Times, A3)

DEMOCRATS SEARCH FOR WAY TO OPPOSE REFLAGGING OF KUWAITI TANKERS

As a trio of U.S. warships heads for the Persian Gulf to back up President Reagan's pledge to protect Kuwaiti tankers, congressional critics are trying to agree on some type of action to oppose or delay the plan.

The Senate Foreign Relations Committee was to meet today to discuss, and possibly vote on, a bill that would delay Reagan's plan until after Congress approves it.

"The clock is running, clearly, and we haven't got much time, but there's still time if we can get together on something," said Sen. John Kerry, a member of the Foreign Relations Committee.

"There is no consensus on how we should respond," said Rep. Mike Lowry, chairman of the House Democratic Caucus. "Moreover, time is running out."

The comments were underlined by the movement of three Navy warships through the Suez Canal, en route to the Persian Gulf to join other Navy vessels.

(Tim Ahern, AP)

AWACS TO FLY OVER UNITED ARAB EMIRATES ON GULF PATROL

Saudi Arabia has assured Washington Saudi-owned radar planes will be able to fly over the United Arab Emirates when keeping tabs on U.S. naval vessels in the Persian gulf, U.S. sources said.

But as yet, because of a political crisis in the U.A.E., that country has not responded to the Saudi request, the officials said.

(Matthew Quinn, UPI)

MARINE COMMANDANT-NOMINEE MORE CONCERNED ABOUT TERRORIST ATTACK, NOT CONVENTIONAL

Lt. Gen. Alfred Gray, headed for quick Senate confirmation as the next Marine Corps commandant, said his chief Persian Gulf concern is the terrorist threat, not any conventional attack.

Gray, 59, was expected to be confirmed within a few days to take over from Gen. P.X. Kelley, who is retiring June 30. Gray appeared before the Senate Armed Services Committee for a short, non-controversial confirmation hearing. (Eliot Brenner, UPI)

U.S. CONSIDERS UPDATING MISSILES FOR WEST GERMANY Soviets Say Plan Would Threaten Arms Pact

BONN -- The U.S. is considering converting some medium-range nuclear missiles, which are to be removed from Europe in a planned disarmament treaty with Moscow, into shorter-range missiles which then could be given to West Germany, a senior U.S. arms negotiator said.

Soviet officials recently said the U.S. was weighing such a plan and said it would stand in the way of the arms accord, but the idea had not been disclosed by the U.S.

Washington may have floated the proposal as a kind of bargaining chip, U.S. and West German arms control experts said.

Maynard Glitman, chief U.S. negotiator for intermediate-range missiles in the Geneva arms talks, said his staff was studying whether it would be legal under the proposed treaty to convert Pershing II missiles to shorter-range Pershing IBs and then transfer them to West Germany. If West Germany agreed, the Pershing IBs would replace 72 outdated Pershing IA missiles that are owned by the West German Air Force but whose warheads are under U.S. control, Glitman said.

(Robert McCartney, Washington Post, A27)

ADMINISTRATION BLASTS TRADE BILL Senate Due To Open Debate Today

The Reagan Administration warned the Senate on the eve of its debate on sweeping trade legislation that major section of the 1,000-page bill would hurt the economy, cost American jobs and provoke retaliation.

In a letter signed by 14 Cabinet members, the Administration argued that the trade deficits have begun to turn around as a result of Administration policies over the past two years.

U.S. Trade Representative Clayton Yeutter, calling the Senate bill about 900 pages too long, said that many provisions of the legislation attack past trade problems instead of focusing on major causes of the imbalance, such as the high U.S. budget deficit and America's competitive position in the world.

"Congress is closing the barn door when the horse is trying to get back in," added Deputy U.S. Trade Representative Alan Woods.

(Stuart Auerbach, Washington Post, F1)

THE WORST MAY BE OVER AS TRADE GAP NARROWS

Thanks to the prolonged decline of the dollar, the U.S. has seen the worst of the extraordinary deficits in its trade, economists, businessmen and other experts are now persuaded. The shrinking deficits, they add, spell important changes in the behavior of the economy and could blunt the efforts in Congress to impede imports.

Economists say that the deficits will remain huge at least into the 1990's, but in many businesses...American industry is recording small but real progress in its sales abroad and is experiencing diminishing damage from sales of foreign goods in the U.S.

(Peter Kilborn, New York Times, A1)

NORWEGIAN TRIES TO CALM FUROR OVER SALE TO SOVIETS

Norwegian Defense Minister Johan Holst spent yesterday at the White hose, the Pentagon and Congress, trying to calm the storm over his country's role in helping the Soviet Union make its submarines so quiet that they are now difficult for the U.S. to detect.

But he failed to head off a growing congressional effort to pass punitive legislation, Sen. Jake Garn, sponsor of one of the toughest measures, said last night after meeting with Holst.

Holst met with Deputy Defense Secretary William Taft, White House National Security Adviser Frank Carlucci and Garn, according to the Norwegian Embassy. After the Holst-Taft meeting, the Pentagon issued a short statement noting the two had agreed "on the seriousness of the situation and the damage done to out mutual security" and the need to cooperate "to overcome the damage," including the completion of civil and criminal investigations in Norway.

(George Wilson, Washington Post, A29)

U.S. BARS AID FOR GUERRILLAS Mozambique Rebels To Be Contacted Only

A top State Department official indicated that the U.S. is willing to have "informal contacts" with rebels fighting the Marxist government in Mozambique but will not extend recognition and support to them as Washington has to rebels in Marxist Angola.

Defending the U.S. policy of strong backing for the Mozambican government, Assistant Secretary of State Chester Crocker said Mozambique's recent turn toward the West and decision to establish closer ties with Washington had dealt the Soviet Union a "severe blow" in southern Africa.

Crocker called the U.S. policy, under attack from conservatives led by Senate Minority Leader Robert Dole and Sen. Jesse Helms, "a case study of success in action on the ground" in weaning a pro-Soviet Third World nation away form once-close association with Moscow.

But an angry Helms charged that Crocker's testimony contained "astounding contradictions," adding, "You don't know what you're talking about, or otherwise you have come up here to defend an indefensible policy of the U.S. State Department."

(David Ottaway, Washington Post, A28)

CONTRAS SAID TO BREAK UP SANDINISTA SPY NETWORK Saboteurs Blamed For 2 Plan Crashes

TEGUCIGALPA, Honduras -- A network of Sandinista spies and saboteurs inside the most sensitive Nicaraguan rebel bases here has seriously damaged the insurgents' air supply operations and embarrassed both them and their U.S. backers, according to rebel and diplomatic sources here.

The Nicaraguan rebels blame the spy and sabotage network for the crash of two resupply planes in Honduras and the mysterious deaths of several wounded rebel combatants.

The network of about a dozen Sandinista infiltrators in the rebels' Honduran operations was discovered in April by a special contra counterintelligence unit, rebel officials said.

(William Branigin, Washington Post, A1)

SENATE PASSES \$1 TRILLION BUDGET

The Democratic-led Senate approved a \$1 trillion budget, triggering a bitter struggle with President Reagan over provisions he says will overburden taxpayers and gut military programs.

The Senate split nearly along party lines in voting 53-46 in favor of th spending proposal, which calls for more than \$19 billion in new taxes

and limits military spending.

Only three Republicans -- liberals Lowell Weicker, Robert Stafford and John Chafee -- voted for the budget resolution. Three Democrats -- William Proxmire, Howell Heflin and Richard Shelby -- voted against the spending plan. (Linda Werfelman, UPI)

Democrats Pass Budget, Hope For Compromise With Reagan

Congress gave final approval to its \$1 trillion fiscal 1988 budget opposed by President Reagan, but Democratic leaders are keeping the door open for a compromise with the White House.

"The President want to cut the deficit," said Senate Budget Committee Chairman Lawton Chiles, as the Senate approved the budget 53-46 on Wednesday night. "The Congress wants the same thing. I invite the President's cooperation."

The (budget) plan was something "not many American people voted for in 1986 or '84 or '82 or '80," said Senate Republican leader Bob Dole. "That's higher taxes, severe cuts in the defense budget...and sharp increases in non-military domestic spending." (Steven Komarow, AP)

Senate Passes Budget; Battle Over Taxes Begins

The Democratic-controlled Senate approved a \$1 trillion 1988 budget by a 53 to 46 vote, ending the first round of this year's budget battle between Congress and the White House.

"Ronald Reagan is going to veto these tax increases," said Sen. Phil Gramm as the Republicans began their attack on the Democratic budget. "I think the odds are pretty good we'll never adopt these tax increases."

(Jonathan Fuerbringer, New York Times, A20)

Senate Approves Budget

The Democratic-controlled Senate gave final approval to a \$1 trillion budget that sets up a summer showdown with President Reagan over taxes and military spending.

Senate Majority Leader Robert Byrd said it was a budget recognizing there "was no tooth fairy" for reducing the government's huge deficits which threaten the economy.

"The time for borrowing and spending is over. It is time to tear up our national credit card," Byrd said, defending the plan's \$19.3 billion tax increase.

(AP story, Washington Times, A2)

Senate Near Final Approval Of Plan For Higher Taxes, Curbs On Military

The Senate, closing the first chapter of the 100th Congress' effort to put a Democratic imprint on the nation's spending policies, last night neared final approval of a \$1 trillion budget for fiscal 1988 amid Republican predictions that it will never take effect.

As they have increasingly done in the past two months, most Senate Republicans showed during yesterday's debate that they are eager to follow President Reagan's lead. Though outnumbered in the Senate 54 to 46, Republican have enough votes on many issues to uphold presidential vetoes, and they appear convinced that their best hope of recapturing the Senate in 1988 lies in using that muscle to stymie the Democratic program.

With the approval of the budget expected last night, Congress next will embark on the more difficult task of enacting the individual spending and revenue-raising measures necessary to translate the congressional budget resolution into policy.

"Without the President's cooperation and positive involvement, the next few weeks will not be easy," Senate Budget Chairman Lawton Chiles conceded. "I ask again for the President to join us."

(Tom Kenworthy, Washington Post, A4)

HOUSE REJECTS CUTS, APPROVES MONEY BILL

The House began the fiscal 1988 appropriations process in familiar fashion -- by ignoring a White House veto threat and by decisively rejecting an attempt to trim spending.

The bill was the \$16.1 billion energy and water appropriations measure, which cleared the House by an overwhelming vote of 340 to 81, far more than the two-thirds majority needed to override a veto.

The key test in the debate came over an attempt...to cut 1.7 percent, or \$271 million, from the bill. The amendment would have reduced by half the increase in spending from this year's appropriation to the level proposed for 1988. The House rejected the cut, 276 to 143.

"It is a small sacrifice for all of us," said Rep. Nancy Johnson (R.-Conn.). "It's tough, but not disastrous and the result will be real deficit reduction."

"You're trying to save some money while the country goes to the dogs," said Appropriations Chairman Jamie Whitten.

"If the country is going to go to the dogs if we cut 1.7 percent, then the dogs ought to have it," replied Rep. Arthur Ravenel.

(Edward Walsh, Washington Post, A5)

HOUSE PANEL ADDS DRUG BENEFIT TO INSURANCE PLAN

The House Ways and Means Committee voted 24 to 12 to add an outpatient prescription drug benefit to the catastrophic-illness insurance measure for the nation's 31 million Medicare beneficiaries.

The new benefit would require Medicare to pay 80 percent of the cost of outpatient drugs exceeding \$800 a year per beneficiary, starting Jan. 1, 1990. The House Energy and Commerce Committee, which shares jurisdiction, has approved a provision to pay outpatient drug costs exceeding \$500 a year per enrollee. Committee leaders hope to work out a compromise. (Spencer Rich, Washington Post, A11)

PROSECUTOR SAYS MEESE PROBE GROWING

The special prosecuting team investigating Attorney General Meese may be beefed up to follow more leads.

"This is something that could happen," special prosecutor James McKay said in an interview. "We're going to see how things play out in the next few weeks."

McKay said his staff of six full-time and eight part-time lawyers may have to expand -- despite Justice Department complaints that special prosecutors are spending too much.

McKay said the investigation was growing, but wasn't suggesting imminent indictments. (Sam Meddis, USA Today, A4)

COURT BACKS WOMAN FIRED FOR REAGAN SLUR

A sharply divided Supreme Court, reaffirming the First Amendment rights of public employees, ruled 5 to 4 that a county clerk in Texas could not be fired for saying that she hoped President Reagan would be assassinated.

Justice Thurgood Marshall, writing for the court, said the remark, made privately by a clerk to a fellow employee at the Harris County constable's office, was, taken in context, "political speech" and did not interfere with the functioning of the office. The clerk was fired, he said, "for exercising her constitutional right of freedom of expression."

Justice Antonin Scalia, in dissent, called the ruling irrational. "It boggles the mind," he said, "to think that she has such a right." Scalia was joined by Chief Justice William Rehnquist and Justices Byron White and Sandra Day O'Connor. (Al Kamen, Washington Post, A1)

REAGAN SET FOR SEMI-ANNUAL POST-CANCER CHECKUP

President Reagan will undergo a semi-annual checkup tomorrow in a routine post-cancer examination at the White House, his press office said.

A written statement issued described the checkup as a "regular follow-up endoscopic examination" -- an intestinal probe.

It said there would be no need for an X-ray or computerized CAT scan during the "routine office procedure." (Gene Gibbons, Reuter)

NORTH, PANELS AGREE ON TERMS FOR PUBLIC, PRIVATE TESTIMONY

The House and Senate Iran-contra committees announced that they have reached an agreement with a lawyer for Oliver North that will allow North to begin testifying publicly on July 7.

Committee members, sensitive to charges that they had made concessions to North, stressed that they have given him no binding "commitments." Instead, they said, they had outlined their "intensions" in a letter worked out with one of North's attorneys, Brendan Sullivan, and sent to Sullivan yesterday.

Nevertheless, as described by committee sources, the understanding meets most of the concerns originally expressed by North's lawyer and will sharply curtail investigators' opportunities to ask North preliminary questions in closed session before his public appearances.

The understanding calls for North to turn over documents and appear initially on July 1 in closed session -- but not under oath -- to discuss Reagan's knowledge of the diversion of profits from the sale of U.S. arms to Iran to support the Nicaraguan contras. He will then be sworn in and asked a few key questions based on the interview.

Senate Chairman Daniel Inouye said the arrangement for the limited preliminary questioning had been deemed sufficient by the house and Senate counsels, who worked out the understanding with Sullivan. In the letter, the committees say they anticipate that his public testimony will last no more than a week and that they do not expect to call him back after that.

(Dan Morgan & Walter Pincus, Washington Post, A1)

Committee Makes A Deal With North

The Iran-contra investigative committee cut a deal with Oliver North, agreeing to limit private questioning of its star witness to one day, during which he will be asked only about what involvement, if any, President Reagan had in the diversion of Iranian arms sales proceeds to the Nicaraguan resistance.

North's lawmakers agreed to question North privately for only one day about any presidential involvement in the Iran-contra affair and to question him publicly for only one week, beginning July 7. The panel told North's lawyer, Brendan Sullivan, in a letter it would not recall North for further testimony unless "extraordinary developments create a compelling need" to do so.

The committee also bowed to North's demand for access to records detailing his role in the Iran-contra affair.

(Mary Belcher, Washington Times, A1)

North Will Testify Publicly July 7

Oliver North, reportedly eager to tell his side of the story in the Iran-contra scandal, will get the chance July 7 when he is scheduled to testify at the nationally televised Senate-House hearings.

The former National Security Council aide agreed to terms set by the congressional panel investigating the affair, averting a showdown with the committee and a possible contempt of Congress citation.

(Robert Gettlin & Robert Lewis, Newhouse)

North To Begin Testifying In Public On July 7

The congressional Iran-contra investigating committees declared that Oliver North would begin testifying in public on July 7 after only a limited private interrogation by attorneys an members of the two select panels.

Leaders of the House and Senate committees said the conditions governing North's testimony about the covert Iranian arms sales and contra support operations would not compromise Congress' prerogatives, while protecting North's rights as a target of a criminal investigation by independent counsel Lawrence Walsh.

"In an ideal world there wouldn't have been a parallel criminal investigation and Oliver North would have...testified publicly months ago," said Arthur Liman, chief counsel for the Senate select committee and an experienced lawyer in criminal matters. "But we've had to deal in a real world in which there is a parallel investigation and we've had to accommodate that fact."

(Finlay Lewis, Copley)

North Will Testify Publicly July 7 After Winning Some Concessions

Oliver North, the central figure in the Iran-contra scandal, will break his silence and tell his story to the nation beginning July 7 under an agreement with Congress.

Conclusion of the agreement, which lays out terms for North's appearance before the committees, ended a week-long standoff that had raised fears the panels might never hear from the man who apparently has the broadest and deepest knowledge of the affair.

"I'm delighted an agreement has been struck," said Rep. Lee Hamilton.... "I look forward to Col. North's testimony."

Even though Hamilton referred to the document as an agreement, the panels sought to dispel any impression that concessions had been made to North.

Some were worried that the talks with North's lawyer, Brendan Sullivan, and the accommodation it produced could be seen as setting a bad precedent for congressional investigations.

Rep. Jack Brooks, who opposed any dealings with Sullivan, called the agreement unconscionable and said North should have been given the simple choice of testifying without any conditions or facing contempt charges.

(David Espo, AP)

CIA LAWYER SAID HOSTAGES THE TOP PRIORITY IN ARMS DEALS

The CIA lawyer who gave the White House the legal instrument to sell arms to Iran said the top priority always was purchasing freedom for American hostages in Lebanon, and no mention was ever made of a diplomatic overture to Iranian "moderates."

Stanley Sporkin, who resigned as chief CIA counsel last year to become a federal judge, also told the Iran-contra committees he cautioned the White House in early 1986 about bringing in Richard Secord to operate the foreign policy overture -- but National Security Adviser John Poindexter apparently disregarded the warning.

(Joseph Mianowany & Anne Saker, UPI)

Reagan, CIA Hid Iran Arms Deal From Congress

After weeks of haggling among his subordinates, President Reagan, with the stroke of a pen, gave the cloak of presidential approval to clandestine arms sales to Iran and directed that Congress be kept in the dark about the transactions.

Stanley Sporkin, formally the chief counsel to the CIA and now a federal judge, testified that he insisted on getting written presidential approval for the clandestine arms sales.

But some in the Administration wanted to keep Congress unaware of the transactions, he admitted. After numerous rounds of meetings stretching over weeks, Administration officials settled on the legal device of a presidential finding, signed in January 1986, which approved the arms sales.

The finding offered three justifications for selling arms: to establish a more moderate government in Iran, to obtain from certain Iranians intelligence data, and to further the release of American hostages held in Beirut.

But Sporkin, in his testimony, admitted that the only real reason was the release of the hostages. He testified that some in the Administration resisted the idea of referring to the hostages at all in the document. Sporkin insisted on it and his view prevailed.

(Gary Thatcher, Christian Science Monitor, A1)

POLISH-CONTRA ARMS TIE CITED IN PARIS SLAYING

Agents of Eastern European governments may have assassinated a special adviser to President Reagan because he was helping Oliver North divert arms from Poland to the Nicaraguan resistance.

French businessman Glenn Souham, who was European coodinator of Reagan's Board of Advisers on Private Secretor Initiatives, was shot to death in Paris last September. According to a report in the July issue of Washingtonian Magazine, published yesterday, Souham helped North open channels to the Polish trade union Solidarity, members of which helped in an elaborate scheme to smuggle the weapons to the contras.

Washingtonian reported that North, after being turned down by Israeli officials in an effort to supply the contras with untraceable arms, "went to the CIA and, using CIA connections," first made contact with Souham.

"North's most audacious effort to supply arms to the contras involved the outlawed Polish trade union Solidarity," the magazine said. "Because the Sandinistas were almost entirely outfitted with Soviet-made and Eastern Bloc weapons, emphasis was planed on supplying the contras with similar weapons."

(John McCaslin, Washington Times, A1)

TWO KEY CABLES ON CIA'S ROLE IN IRAN ARMS SHIPMENTS MISSING

The House and Senate Iran-contra panels disclosed new details of extensive CIA involvement in the November 1985 shipment by Israel of American-made arms to Iran, and revealed that key CIA cables on the mission are missing or destroyed.

An unusual presentation by congressional investigators focused on the role of Duane (Dewey) Clarridge, the senior CIA official involved in directing the agency's role in the operation. In sworn testimony to investigators, Clarridge denied knowing that the shipment contained arms and insisted that he thought it consisted of "oil-drilling equipment," according to House deputy chief counsel W. Neil Eggleston.

Two other CIA employees and a State Department official have given the committees statements that appear to contradict Clarridge's testimony that he was not informed that the cargo was weapons. Evidence produced earlier by Iran-contra investigators has shown that numerous U.S. officials knew that the shipment in question involved Hawk antiaircraft missiles that were meant to buy the freedom of Americans then held hostage in Lebanon.

(Walter Pincus & Joe Pichirallo, Washington Post, a1)

EDITOR'S NOTE: "The Iran-Contra Hearings; Week Seven Of The Testimony," appears in The Washington Post, A13.

-End of A-Section-

(Wednesday Evening, June 24, 1987)

IRAN-CONTRA HEARINGS

ABC's Peter Jennings: Oliver North and the Iran-contra committees of Congress have now agreed on how and when he will give his critical testimony. Col. North and his lawyers have apparently had a change of heart.

ABC's Brit Hume: At day's end, Senate Chairman Inouye announced agreement with North's lawyer for North's appearance in private under oath July 1 with an expected week of public testimony starting July 7.

(Sen. Inouye: "The committees made it clear that we would make no commitment on limiting Lt. Col. North's public testimony or promise not to recall him as a witness.")

But Inouye said the sworn private testimony would be limited to question of the President's role, if any, in the diversion of arms sales profits. Other issues would be discussed informally with no oath. Still, the committees' leaders insisted this was no compromise.

(Rep. Hamilton: "We certainly did not make any concessions, I think. We set the terms. We set the timing of the testimony. We set the length of the testimony.")

Senate Vice Chairman Rudman agreed that it was the committee's, not North's lawyer, who had won.

(Sen. Rudman: "Number one, he wanted to limit Col. North's testimony -- wanted a guarantee of that. That has not been done. He did not want to testify in private session under oath -- he will. He wanted a guarantee there would not be a recall -- he does not have it.")

Not all members agree.

(Rep. Brooks: "There's no point in this. It's not necessary. I don't think it is wise. I don't think we should have done it. And I have serious reservations about it.")

So the committees are now assured of hearing from the one witness whose testimony they could hardly do without, but not without making some concessions which they must now deny were concessions to avoid having to make them to every other important witness who is summoned here.

(ABC-Lead)

CBS's Phil Jones: North will appear for public testimony on July 7 with intended completion by July 10...

(Sen. Inouye: "We also insisted on an executive session interview and testimony of Lt. Col. North on the subject of presidential knowledge of or involvement in the diversion.")

.... Under this accord, North will now appear before his former National Security boss, Admiral John Poindexter.

(Sen. Hatch: "I believe that probably North acted pursuant to authority and I presume that what he wants to do is establish North's story and then I think they are counting on Admiral Poindexter, being an honest man, probably admitting he knew what North was doing and had authorized it.")

Jones continues: Everybody appears to win with this understanding. The committees will now get North's testimony and North will have a forum to rally public support before his expected indictment by the independent counsel.

CBS's Dan Rather: The former CIA lawyer who drafted the legal basis for President Reagan's secret arms shipment to Iran testified at today's hearings. He said that the whole idea right from the start was a straight-out ransom deal — to swap weapons to Iran for American hostages in Lebanon. Stanley Sporkin said there was never any talk about the weapons being a diplomatic overture to so-called Iranian moderates as President Reagan had claimed when the public first found about his secret policy. (CBS-Lead)

NBC's Tom Brokaw: The Iran-contra committees today struck a deal with the man that everyone has been waiting to hear from -- Lt. Col. Oliver North. North agree to testify in private, under oath on July 1, and he'll testify in public beginning six days later. The committees refused to agree to limit North's testimony to certain subjects. John Dancy reports that testimony from others has created a confusing and contradictory image of this fired White House aide.

NBC's John Dancy: The hearings so far have drawn a picture of Oliver North that is a paradox -- warrior saint vs. the law breaker and petty chiseler. To one of his bosses, he was the perfect aide.... A busy man -- dashing off to the Mid East to bring home a hostage, briefing groups about the contras. He engendered intense loyalty and affection among the people who knew him.... He gave everyone the impression he spoke often to the President.... But his special relationship with the President seems to have been a sham.... He was also portrayed as a man who skirted close to the edge of the law, shredding key documents as the investigation began.... committed to the contras that he pressed Richard Secord to divert more and more of the Iran arms profits to them.... A man who kept travelers check donated to the contras in a safe in his office.... North also apparently used some of the travelers checks for himself.... He also accepted an electronic gate and security system from Richard Secord, then accepted phoney bills and sent phoney letter to Glenn Robinette, the man who installed it, to cover it up.... Now, with today's announcement, the committees have worked out arrangements to hear from North himself. They say the picture won't be complete until they do. (NBC-6)

HAMADEI

Brokaw: An international chess game involving the U.S., West

Germany and Middle East terrorists was played out today and the U.S. was check-mated. It will not get its hands on Mohammad Ali Hamadei who is wanted for the hijacking of TWA flight 847 in which American sailor Robert Stethem was murdered....

NBC's Paul Miller: The West German cabinet decided that extraditing Hamadei to the U.S. would threaten the lives of two German hostages in Lebanon.

Miller continues: Hamadei will face air piracy and murder charges in Germany. Those are the same charges he would have faced in the U.S. Attorney General Edwin Meese, who had been demanding extradition, said it was no longer necessary.

(Attorney General Meese: "We're satisfied that the requirements of the law and the cooperation against terrorism have been fully fulfilled by the German government.")

During the hijacking of the TWA jet in 1985, Navy diver Robert Stethem was murdered. Eye witnesses have identified Hamadei as one of the hijackers. And Stethem's family is worried the Bonn government will eventually trade Hamadei for the two German hostages.

(Patricia Stethem, Robert's mother: "I'm sure they'll convict him. I'm sure they'll sentence him. But keeping him behind bars is my concern and our family's concern.")

Mrs. Stethem received a call today from President Reagan who told her West Germany had promised there will be no deal and they will not grant him clemency.... Hamadei's lawyer said he is pleased he's not going to the U.S.... Many Germans are also pleased with the decision because they believe it will buy time to negotiate the hostages' release.... While German officials believe it is safer for the hostages to try Hamadei here, they know there are other risks involved. They've already increased security at the airports and along the borders to try to prevent any terrorist attacks.(NBC-Lead)

NBC's John Chancellor's commentary: How's the hostage business going these days? Still going strong. The news from West Germany today was very good for the hostage business. In the cafes in West Beirut, Moslem extremists must be raising their coffee cups toasting the West German government's handling of the Hamadei case. In the history of terrorism, there have been few outrages as blatant as this one.... The message to the West German government was explicit -- if Hamadei is sent to America to stand trial, the two German hostages die. It worked. As we saw in this program this evening, Hamadei will not be sent to the U.S. He will be tried in Germany. The federal chancellory in Bonn says the full weight of the law will be applied in this case. It says West Germany will not give in to blackmail. Who's kidding? The West Germans have already given in to blackmail. If they hadn't, Hamadei would be in the U.S. The American demand to try him for the hijacking of an American airliner and the murder of an American citizen was a legal demand. The American government is trying to put the best face on all this. West German is an important ally. Its help is needed if there's to be a arms deal with the Russians. But the sad truth remains -- taking hostages still works. The hostage business remains in good shape. (NBC-10)

ABC's Barrie Dunsmore from Bonn: The decision was effectively made several weeks ago -- it was formally endorsed in today's Bonn cabinet meeting and then publicly announced.... The U.S. claimed Hamadei was one of the men who hijacked TWA 847 two years ago when Navy diver Robert Stethem was murdered. Extradition proceedings were begun at once. But the kidnapping of two West Germans in Beirut complicated the matter -- their lives were threatened if Hamadei should be sent to the U.S.

Dunsmore continues: When Reagan and Kohl met earlier this month, Kohl explained he wouldn't risk his hostages by agreeing to extradition, but would prosecute Hamadei with the maximum charges. Today, the U.S. Ambassador to Bonn said this was satisfactory.

(Richard Burt: "They made it clear that there will be no deals, that they do not intend to grant clemecy, that he will feel the full rigor of German law -- which in this case is a life sentence.")

Attorney General Meese, who was given the German decision here in Bonn yesterday, today pledged full U.S. cooperation in Hamadei's prosecution.

(Attorney General Meese: "We will provide all the evidence that is at our disposal, including witnesses or anything else in which we can cooperate.")

There is no doubt that America's secret arms-for-hostages deal with Iran weakened the moral argument that justice required Hamadei be tried in the U.S. and so today's outcome, which seems at least to preclude Hamadei's early release, was probably the best that could be expected.

ABC's Sam Donaldson: Expected though it was, the West German decision against extraditing Hamadei was met with deep disappointment here in Washington. The family of Robert Stethem, the young Navy diver Hamadei is accused of murdering, took it particularly hard.

(Patricia Stethem: "I think the top Administration officials could have taken a much stronger stand and if they did, I'm unaware of it."

Reporter: "Why do you suppose they didn't?"

Stethem: "Hostages -- it just boils down to bargaining chips.")

In fact, President Reagan, by his own admission, had not pressured Chancellor Kohl to extradite Hamadei when the two had discussed the matter at the economic summit in Venice. Mr. Reagan had merely stated his preference for extradition. But told this morning that Stethem's mother was voicing her upset on television, the President called her to say he has Chancellor Kohl's assurance that there will be no deals and no clemency granted to the man Mr. Reagan referred to as, "the hijacker Hamadei." Mrs. Stethem was not mollified.

(Mrs. Stethem: "I let him know in no uncertain terms that I was devastated.")

White House officials are also unhappy with the decision, but presidential press assistant Marlin Fitzwater tried to make the best of it by saying, "an expeditious, vigorous and complete prosecution, with full punishment, will satisfy our interest in justice." But Fitzwater agreed that no one now can guarantee how full that punishment will be. There may be good reasons why the President felt he shouldn't or couldn't pressure the Germans, but they are not easy ones to sell to the public. So the impression left from today's incident will probably be that a weaken Ronald Reagan, who once proclaimed, "They can run, but they cannot hide," has come up short where it counts. (ABC-3)

Rather: President Reagan is quoted as saying only pressure from him prevented West Germany from freeing an accused hijack murder. Hamadei will be tried in Germany and the Germans said today that if convicted, Hamadei will not be pardoned.

CBS's Rita Braver: ... A controversy broke over the President's role in the handling of Hamadei. In an interview the mother of Navy diver Robert Stethem said that the President told her he stopped the trade of Hamadei for two West German businessmen held hostage in Lebanon.

(Mrs. Stethem: "He did assure me that he felt it was his personal intervention in the mediation overseas that kept the Germans from going ahead with the exchange that the West Germans had been thinking about."

Reporter: "You mean he told you that the West Germans would have exchanged him?"

Mrs. Stethem: "That was the intentions of the West Germans -- to exchange him for the German people. That was their intention.")

The White House said the President's conversion with Mrs. Stethem didn't touch on a hostage swap and the West German Embassy denied any plans for a deal.... Publicly, U.S. officials said they were satisfied.

(Attorney General Meese: "This action by the Federal Republic of Germany demonstrates this government's full commitment to the rule of law and to international cooperation against terrorism.")

But privately many Administration aides were bitter. The hijacking of TWA flight 847, a two week ordeal that was unfolding two years ago today, was a painful and humiliating experience for this country.... (CBS-2)

GLASS/HOSTAGES

NBC's Chris Drake: Ali Osseiran and his body guard were home safe this morning, but they gave no clue why Charles Glass also is not free.

(Osseiran: "I don't know.")

In London, Glass' wife said she was disappointed but added that the Syrian President is still trying to get her husband released.

(Fiona Glass: "The news is that the Syrians are still doing everything they can to get him freed as well, and we just hope that something may come of it soon. But obviously, we can't say that.") In Beirut the Syrians have vowed to free Glass — even if that means using force. So far, their troops have tighten the noose around the pro-Iranian strongholds in the southern suburbs where Glass and other foreign hostages are believed held.... In Damascus tonight, government controlled radio warned that the Syrians would not tolerate kidnapping. It said there was no place the captors could hide. That's the toughest warning yet from the Syrians and today they reportedly banned pro-Iranian groups in eastern Lebanon from carrying weapons — suggesting the government has decided the time has come to get much tougher with the kidnap gangs.

(NBC-2, ABC-2, CBS-3)

SOUTH KOREA

Brokaw: South Korea's two week political crisis today saw some gains for the opposition -- a major dissenter, Kim Dae-jung was freed from house arrest after another opposition leader met with President Chun. But the crisis continues nonetheless.

NBC's Steve Mallory reports on Kim and his follower's vow to continue to fight.

NBC's Anne Garrels reports on how South Korea's violations of human rights have united the opposition to President Chun and in the U.S. (NBC-3, ABC-4, CBS-4)

SUPREME COURT DECISIONS

Brokaw: Without dissent today the U.S. Supreme Court ruled that religious groups may refuse to hire people who are not members of their faith even for non-religious jobs. The court also said that religious groups may fire employees if those employees failed to keep the faith. In another case today, the court split 5-4 in upholding the free speech rights of workers. The court ruled that a clerk in a Texas constable's office should not have been fired for what she said on March 30, 1981, when she heard that President Reagan had been shot and wounded. She said, "If they go for him again, I hope they get him."

PRESIDENT'S HEALTH

Rather: President Reagan will have another follow-up examination on Friday to check for any reoccurance of cancer. Mr. Reagan had colon cancer surgery two years ago and has had several skin cancers removed from his face. The checkup will take place at the White House, not inside a hospital. (CBS-10)

-End of B-Section-

PERSIAN GULF POLICY

Here We Go Again -- "President Reagan's pledge to 'protect the free world's oil flow' by expanding our naval presence in the Persian Gulf suggests a powerful itch to plunge into military action. It is also the latest manifestation of fallacious thinking to which all superpowers succumb -- the notion that we know the interests of other countries better than they know their own interests.... Let us rid ourselves of the superpower fallacy before the superpower fallacy rids us of more American lives, American influence and American credibility."

(Arthur M. Schlesinger, Jr., Philadelphia Daily News, 6/23)

Iran Benefits From the Gulf Panic -- "The U.S. is charging into the Persian Gulf with as little logic as Don Quixote attacking windmills. American policymakers are moving ships, issuing demands and flagellating U.S. allies without understanding that the predominate threat to the U.S. interests in the Persian Gulf is ideological, not military. With all of its military posturing, the U.S. is nourishing that threat rather than thwarting it."

(Sandra Mackey, Chicago Tribune, 6/24)

Be Firm In The Gulf -- "Two successive Presidents have declared that the Gulf is vital to our interests and that we are prepared to use military force if necessary to protect those interests. A superpower cannot keep saying these things and then not do anything when put to the test. Either the statements should not have been made or we must now be willing to back them up. I am not aware that any of the Congressional critics of our Gulf policy expressed reservations when Jimmy Carter and Ronald Reagan made these policy statements.... The thrust of our policy is to maintain pressure on Iran in order to dissuade it from continuing to pursue the war. The task now is to carry out that policy in a way that demonstrated firmness while keeping diplomatic doors open for any sign of change in Iran's policy."

(Michael Sterner, New York Times, 6/24)

Some Big "Ifs" -- "If one assumes that the developing Reagan Administration Persian Gulf policy -- putting U.S. flags aboard Kuwaiti tankers and providing naval escorts for those tankers -- makes sense, then sending a battleship-led task force into the Gulf, as purposed by the Pentagon, also makes sense.... If the policy is right, then the battleship is a proper instrument of that policy. But that's still a big 'if.'"

(Ft. Worth Star-Telegram, 6/19)

An Unclear, High-Risk Policy In The Persian Gulf -- "While some U.S. officials speak sensibly about the Persian Gulf, President Reagan does not.... An Administration report delivered to Congress Tuesday specifically rejected that idea even as it said that 'We are not adverse to working with the U.S.S.R. in multilateral efforts to end the war.' Keep out of the Gulf, the President tells the Soviets, but help end the Iraq-Iran war. Soviets, Kuwaitis, Iraqis and others tell him he can't have it both ways."

(Minneapolis Star and Tribune, 6/17)

PERSIAN GULF (continued)

Twisted 'National Security' -- "National security -- when properly defined -- is surely worth defending, even with a declaration of war. But the phrase loses all meaning when it is used to justify ad hoc military adventures or to divert public attention away from political problems at home. The term has become so twisted that it is now being used to send American sailors into harm's way, where they conceivably will defend Soviet political interests and Iranian oil shipments. That may divert public attention from the Iran-contra hearings, but it is yet to be explained why it is in the national security interests of this country."

(Des Moines Register, 6/17)

An Iranian Lake? -- "Anyone who doubts Iran's capacity to dominate its weaker Arab neighbors and intimidate the superpowers need look no farther than Capitol Hill. Lawmakers are retreating in droves from President Reagan's circumscribed policy of keeping the Persian Gulf oil lanes open in the face of Tehran's threats to sink neutral shipping.... Regional stability will never result from the U.S. shirking its avowed duty to preserve freedom of navigation in the Persian Gulf. On the contrary, the isolationist path sought by many in Congress would only encourage Tehran to press its goal of turning the region into an Iranian lake."

(San Diego Union, 6/17)

Global Reagan: The Persian Gulf -- "Ronald Reagan explained why he thinks the U.S. must flex its muscle in the Persian Gulf. But he ignored the risks -- and alternatives.... America's allies have done nothing to increase their presence in the Gulf. Saudi Arabia has a large, modern air force but looks the other way. Other Arab states fuel the Iran-Iraq war with cash. The goal of U.S. policy should be to change those factors. Dry up the flow of arms and money that keep the war going. Prevent either side from winning -- without taking sides. The use of military muscle should be America's last resort." (New York Daily News, 6/19)

Gulf Arguments Don't Justify Risks -- "Access to Persian Gulf oil is an undeniably vital Western interest. That access, however, is not yet seriously challenged by the Iran-Iraq war.... Once again, as in Lebanon, tactically vulnerable U.S. military forces are being placed in harm's way on behalf of unconvincing and inchoate foreign policy objectives in the most violent and unpredictable region of the world."

(Jeffery Record, Milwaukee Sentinel, 6/13)

More Fuzzy Talk -- "The President and the country owe the men who died on the USS Stark, as well as the American sailors who could be killed tomorrow in the Gulf, a far more rigorous analysis of our goals and concerns there. Simply staring at the region through the East-West prism won't do.... The Administration seems to be drifting, content to let events and the actions of others determine what happens in the Gulf."

(Kansas City Times, 6/19)

Unwisdom In The Gulf -- "President Reagan is right in beefing up the strength of U.S. Naval forces in the Persian Gulf to a point where they can adequately defend themselves. He is wrong in pushing ahead with plans to place 11 Kuwaiti tankers under the U.S. flag."

(Baltimore Sun, 6/19)

ARMS CONTROL

"The prospects for progress in superpower negotiations on the elimination of intermediate nuclear forces in Europe brightened yesterday with the announcement in Geneva that Mr. Shultz...would meet his Soviet counterpart, Mr. Shevardnadze, in Washington next month.... However, the State Department last night sounded a note of caution about the meeting. 'We've stated often that it's a possibility but nothing has been scheduled,' said an official."

(Financial Times, Britain)

"The U.S. and Soviet Foreign Ministers will meet in Washington in mid-July for what is likely to be the last chance to overcome obstacles to an agreement on Intermediate Nuclear Forces before time runs out for the Reagan Presidency."

(Guardian, Britain)

"In case the U.S. government allows the Russians to move SS-20 missiles for training purposes to the European part of the Soviet Union, the score would be one to zero for Moscow. One can really wonder what kind of wisdom conceives such brilliant ideas." (Die Welt, West Germany)

"On July 10-11, barring sudden obstacles, Shultz and Shevarnadze will meet in Washington in an effort to define the terms for an agreement for the reduction of theater weapons in Europe, to set a date and a term for the third Reagan-Gorbachev summit and to find an agreement on the Persian Gulf and major regional crisis. U.S. disarmament negotiator Rowny...warned that Shultz and Shevardnadze might not be able to resolve at once the difficult problems facing them. A top-level official at the White House privately confirmed the news with an additional note of caution: the meeting could be postponed at the last minute."

(La Stampa, Italy)

"The convening of the U.S.-Soviet foreign ministers' talks in mid-July means a broad agreement was reached at the INF negotiations indicating major prospects toward convening summit talks between two countries. The greatest theme of the Washington foreign ministers' talks will be to fix that date of the summit talks. At present, a leading choice is a September summit."

(Nihon Keizai, Switzerland)

SOUTH KOREA

"Despite the Korean government's efforts to belittle the meaning of a series of visits by U.S. Government officials, diplomatic observers here point out that, at a minimum, one can discern the departure of the U.S. from its 'quiet diplomacy' and notice its efforts to prevent a rupture of Korea's political process. Although some Koreans view such maneuvers as an expression of the U.S. sense of frustration, the dominant view here seems to be that Koreans should closely observe U.S. actions in Korea with the perspective that the U.S. is Korea's best ally and, as such, is an appropriate partner and adviser."

(Joongang Ilbo, South Korea)